

# EXAMINER'S BANKING PRACTICES SURVEY

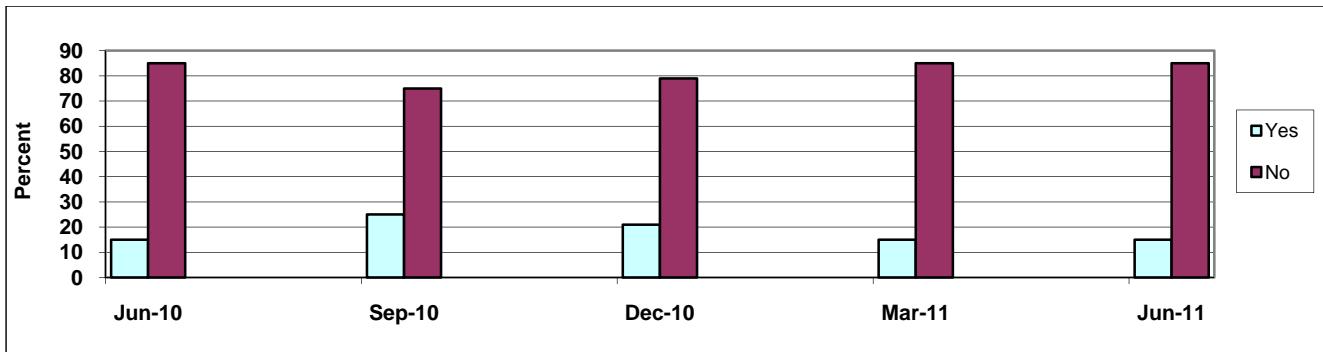
Second Quarter 2011

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. Second Quarter 2011 results are compiled from 34 responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "Significantly" means growth of 20% or more.



Of yes responses:

Loan Type	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
RE/Const/Land Devel	13%	18%	29%	11%	12%
RE/Agricultural	12%	10%	7%	0%	13%
RE/Commercial/Indust	25%	18%	7%	0%	25%
RE/Residential	13%	18%	7%	22%	25%
Agricultural	12%	18%	14%	11%	12%
Commercial/Industrial	13%	18%	14%	45%	13%
Consumer	12%	0%	22%	11%	0%

2. Is the institution active in making the following types of loans?

	Sep-10		Dec-10		Mar-11		Jun-11	
	Yes 6%	No 94%	Yes 3%	No 97%	Yes 3%	No 97%	Yes 6%	No 94%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	33%		0%		0%		50%	
Dealer paper	67%		100%		100%		50%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

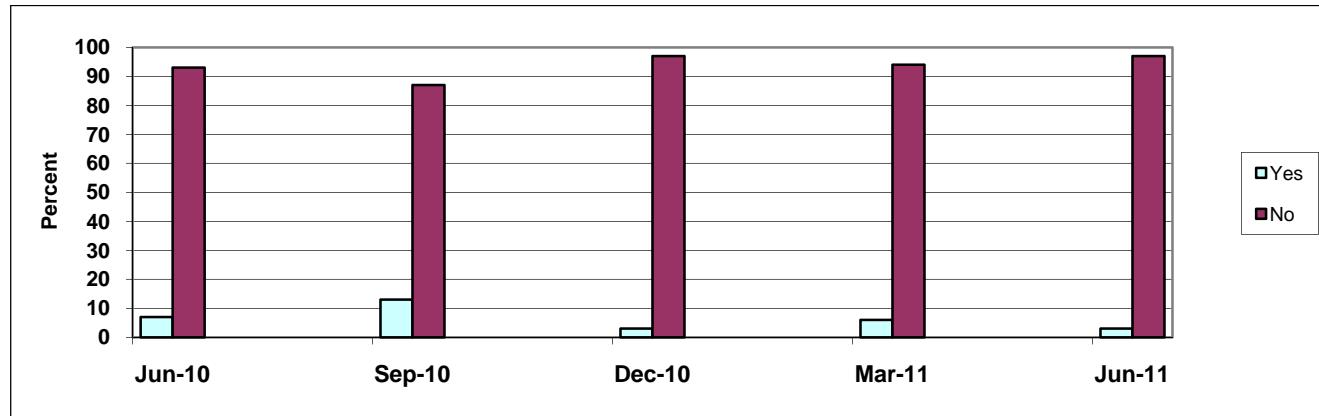
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	0%	6%	6%	0%	0%
No	100%	94%	94%	100%	100%

## Examiner's Banking Practices Survey

4. Does the institution use credit scoring models for loan decisions?

	Sep-10		Dec-10		Mar-11		Jun-11	
	Yes 16%	No 84%	Yes 12%	No 88%	Yes 9%	No 91%	Yes 12%	No 88%
Of Yes Responses - Loan type								
Credit card	16%		0%		12%		0%	
Consumer	26%		30%		33%		40%	
Residential mortgage	21%		40%		33%		30%	
Small business	21%		20%		22%		30%	
Other	16%		10%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Making collateral based loans?	38%	29%	20%	25%	33%
Reduced collateral margins?	12%	0%	20%	0%	0%
Not requiring cash flow projections?	25%	29%	20%	25%	33%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	29%	20%	25%	33%
Waiving guarantees or other documentation?	0%	13%	20%	0%	0%
Other	0%	0%	0%	25%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Agricultural Loans					
Minimal	92%	75%	91%	76%	82%
Moderate	8%	25%	9%	21%	15%
Substantial	0%	0%	0%	3%	3%
Commercial Loans					
Minimal	54%	47%	59%	58%	62%
Moderate	33%	47%	38%	39%	32%
Substantial	13%	6%	3%	3%	6%
Consumer Loans					
Minimal	77%	66%	77%	85%	76%
Moderate	23%	34%	20%	12%	21%
Substantial	0%	0%	3%	3%	3%
Residential Loans					
Minimal	77%	66%	74%	85%	74%
Moderate	23%	34%	20%	12%	23%
Substantial	0%	0%	6%	3%	3%

## Examiner's Banking Practices Survey

7. Differences between actual lending practices and written policies are:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Agricultural Loans					
Minimal	97%	91%	94%	91%	91%
Moderate	3%	9%	6%	9%	6%
Substantial	0%	0%	0%	0%	3%
Commercial Loans					
Minimal	77%	62%	79%	88%	79%
Moderate	18%	38%	21%	12%	18%
Substantial	5%	0%	0%	0%	3%
Consumer Loans					
Minimal	97%	91%	91%	100%	88%
Moderate	0%	9%	6%	0%	9%
Substantial	3%	0%	3%	0%	3%
Residential Loans					
Minimal	97%	91%	94%	91%	85%
Moderate	0%	9%	3%	9%	12%
Substantial	3%	0%	3%	0%	3%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Carryover Debt					
Minimal	85%	78%	97%	94%	88%
Moderate	15%	22%	3%	6%	12%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	92%	84%	97%	94%	91%
Moderate	8%	16%	3%	6%	9%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	80%	81%	91%	82%	76%
Moderate	20%	19%	6%	18%	21%
Substantial	0%	0%	3%	0%	3%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

No. Banks with Inc/(Dec) in ratio (%)	Sep-10		Dec-10		Mar-11		Jun-11	
	+ 69%	- 31%	+ 41%	- 59%	+ 58%	- 42%	+ 50%	- 50%
Average Inc/(Dec) in Ratio	19.8	(8.6)	13.3	(14.3)	15.1	(14.3)	14.0	(9.1)
Cause of Increase								
Eased underwriting standards	6%		3%		8%		3%	
Deterioration in new loans	4%		11%		3%		3%	
Deterioration in older loans	45%		45%		48%		41%	
Participations or out-of-territory	8%		0%		3%		8%	
Economic conditions	33%		38%		27%		32%	
Changes in lending personnel	0%		3%		3%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	4%		0%		8%		13%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
RE/Const/Land Development	26%	35%	42%	32%	19%
RE/Agriculture	2%	3%	1%	3%	4%
RE/Commercial/Industrial	44%	38%	38%	44%	57%
RE/Residential	11%	9%	7%	8%	9%
Agricultural	1%	0%	1%	2%	1%
Commercial/Industrial	13%	13%	9%	9%	8%
Consumer	3%	2%	2%	2%	2%

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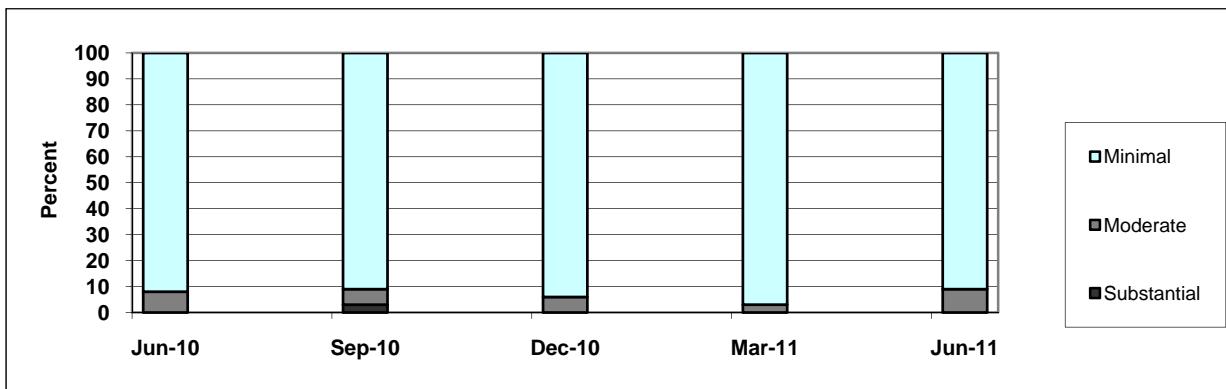
### INVESTMENTS

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11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	3%	3%	0%	0%	3%
No	97%	97%	100%	100%	97%

12. Differences between actual investment practices and written policies are:



### OTHER

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13. Has the bank established a borrowing line with FHLB?

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	87%	81%	85%	97%	94%
No	13%	19%	15%	3%	6%
If yes, does the bank actively borrow from the FHLB?					
Yes	82%	89%	76%	75%	75%
No	18%	11%	24%	25%	25%

14. Does the bank hold off-balance sheet derivatives?

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	15%	12%	9%	6%	15%
No	85%	88%	91%	94%	85%

15. List nontraditional activity the institution is engaged in.

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Yes	85%	75%	97%	91%	94%
No	15%	25%	3%	9%	6%
Of those that do:					
Nondeposit Investment Sales	13%	15%	12%	19%	14%
Insurance Sales	10%	9%	6%	8%	12%
Real Estate Loan Secondary Market Sales	29%	25%	33%	24%	23%
Non-transactional Web Site	7%	7%	6%	3%	5%
Transactional Web Site	40%	40%	41%	43%	45%
Other	1%	4%	2%	3%	1%